

***ANNUAL REPORT 2017***  
***SUSTAINABILITY***



# SUSTAINABILITY

<b>INTRODUCTION &amp; FOREWORD</b>	<b>3</b>
<b>PUMA SUSTAINABILITY STRATEGY</b>	<b>5</b>
STAKEHOLDER ENGAGEMENT [TARGET NO. 1] .....	9
MATERIAL ASPECTS .....	10
<b>SOCIAL ASPECTS</b>	<b>11</b>
HUMAN RIGHTS [TARGET NO. 2] .....	11
SOCIAL COMPLIANCE [TARGET NO. 3] .....	13
<b>HEALTH AND SAFETY [TARGET NO. 4]</b>	<b>18</b>
<b>ENVIRONMENT</b>	<b>19</b>
CLIMATE CHANGE [TARGET NO. 5] .....	19
CHEMICALS [TARGET NO. 6] .....	22
WATER & AIR [TARGET NO. 7] .....	24
MATERIALS [TARGET NO. 8] .....	27
EP&L IMPACT [TARGET NO. 9] .....	28
<b>GOVERNANCE [TARGET NO. 10]</b>	<b>33</b>
<b>SUMMARY</b>	<b>34</b>

CARA DELEIVINGNE





## INTRODUCTION

The Managing Directors of PUMA SE remain firmly committed to the 10 principles of the United Nations Global Compact, as well as the United Nations Guiding Principles of Business and Human Rights. We are committed to acting responsibly, be it with regard to our own employees, our business partners, consumers, the communities in which we operate or within our supply chain.

In 2017 we focused on creating a positive impact, firstly by integrating sustainability into the core business functions of PUMA via our company-wide 10FOR20 Sustainability Targets and secondly by taking an active role in industry-wide initiatives, such as the Sustainable Apparel Coalition and the Zero Discharge of Hazardous Chemicals Foundation.

We expanded our human rights due diligence process with a human rights assessment in our supply chain and created a heat map of potential risk areas.

We also moved our Global Stakeholder Sustainability Meeting to Asia, where most of our suppliers are based.

In addition, we published the results of our 2016 Environmental Profit and Loss Account, which summarizes the external environmental impact of our business activities in financial terms.

The execution of our 10FOR20 Sustainability Strategy continues as planned:

- The number of shared compliance audits with our industry peers doubled and the joint industry assessment tool from the Social & Labor Convergence Project, which will replace our own audit tool in the future, was piloted.

- The wastewater guidelines of the Zero Discharge of Hazardous Chemicals Foundation (ZDHC), an industry-wide initiative developed with other major brands, were implemented in 42 main factories. These guidelines will lead to a reduction of testing costs as well as clarity on what good wastewater treatment practices look like.
- In cooperation with several major brands and the International Finance Corporation (IFC) we launched our new supply chain climate change program aimed at promoting renewable and efficient energy consumption in our supply chain.
- The use of more sustainable materials, such as BCI cotton (40%), bluesign polyester (46%) and FSC certified paper and cardboard (92%), was increased and the use of solvent-free polyurethane was piloted.
- The implementation of third-party risk assessments and training our quality inspectors on how to identify serious occupational health and safety risks during factory visits was a major focus in 2017. The importance of this was highlighted by a tragic fatal accident at a PUMA supplier in January. A new PUMA anti-corruption policy was implemented and 99% of PUMA employees with email accounts worldwide, as well as over 300 PUMA suppliers, were trained on this issue. We also included an anti-corruption section in our supplier audit tool.

Although we are happy with the overall progress towards fulfilling our 10FOR20 Targets, we are conscious that there is still much to do if we are to achieve our ambitious goals and meet the challenges we constantly set ourselves.

Yours sincerely,

Lars Sørensen  
Chief Operating Officer PUMA

## SUSTAINABLE DEVELOPMENT GOALS



The Sustainable Development Goals (SDGs) from the United Nations define the global development priorities for 2030 and look to join efforts among business, governments and civil society around a defined set of targets. PUMA's 10FOR20 Strategy supports the SDGs' implementation in the regions where PUMA operates and where PUMA products are manufactured. Through out this sustainability chapter, we highlight which SDG(s) we support with our sustainability targets.

## FOREWORD

We have followed the GRI G4 framework in order to prepare this sustainability report and to ensure that we provide a high-quality disclosure. This report constitutes a combined non-financial report in accordance with sections 289b to 289e and 315b, 315c in conjunction with 289c to 289e of the German Commercial Code (HGB). We have provided separate reports for PUMA SE and the PUMA Group within the Governance and People at PUMA section only. Separate reporting of other sustainability data would not add any meaningful new information or value and would require significant additional resources.

Information about PUMA's business model is set out in the Financial section of this Annual Report on pages 97-106.

For ease of understanding, each element of our sustainability strategy has been explained in a separate chapter containing the target, action plan and key performance indicators used to measure our progress towards achieving this target.

# PUMA SUSTAINABILITY STRATEGY 10FOR20<sup>2</sup>

## INTRODUCTION

In 2016, we published the new PUMA 10FOR20 Sustainability Strategy, including a broad range of company targets to cover the five-year period up to 2020. These targets cover all aspects of our sustainability strategy.

The PUMA board decided to include key indicators of our performance on climate change, governance, human rights and health and safety in annual bonus calculations for the entire PUMA management team.\*


The 10FOR20 Targets are also directly linked to the three significant sustainability-related risks identified in our due diligence process:

1. Potential human rights violations or incidents in our supply chain [Tier-1 and Tier-2 \*\*]
2. Potential incidents of environmental pollution in our supply chain [Tier-1 or Tier-2]
3. Potential non-compliance with chemical regulations during production [Tier-1 or Tier-2].

How we address and mitigate these risks is described in the individual chapters of this report.

\* All PUMA staff worldwide reporting directly to the board  
 \*\* T1 Manufacturers of PUMA products; T2 Manufacturers of Materials and Components

## F.1 PUMA'S SUSTAINABILITY TARGETS 10FOR20



**Social Compliance**  
[Relates to SDG 3, 5, 8 and 10\*]

Compliance with industry standards/ILO Core Conventions for all key suppliers, including suppliers of finished goods, components and materials

**Stakeholder Engagement**  
[Relates to SDG 17\*]

Stakeholder dialogue; public reporting (GRI); consumer information

**Governance**  
[Relates to SDG 8 and 16\*]

Maintain and run a state of the art compliance management system [incl. anti-corruption measures]

**Environmental P&L**  
[Relates to SDG 7 and 12\*]

Continue to report yearly on our environmental impact under the lead of Kering

**Human Rights**  
[Relates to SDG 3, 4, 5 and 10\*]

Promote human rights across our operations and suppliers. Positively impact the communities where PUMA is present

**Water & Air**  
[Relates to SDG 6\*]

Industry Good Practice for effluent treatment and air emissions are met by 90% of PUMA key suppliers with wet processing facilities or responsibility for significant air emissions

**Health & Safety**  
[Relates to SDG 3\*]

Zero fatal accidents; injury rate below industry average

**Climate**  
[Relates to SDG 13\*]

Science-based CO<sub>2</sub> reduction target developed [2016] and to be implemented [2020]

**Chemicals**  
[Relates to SDG 3 and 6\*]

Zero Discharge of Hazardous Chemicals from our supply chain

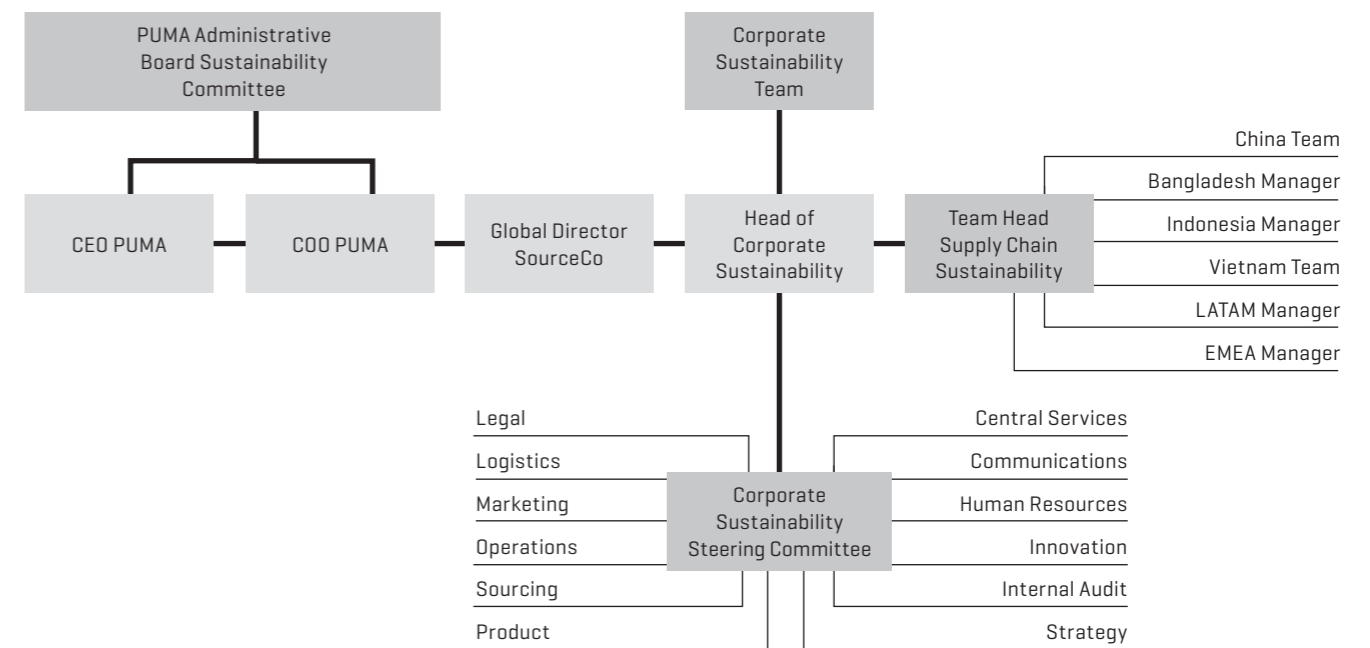
**Materials**  
[Relates to SDG 12 and 1\*]

More sustainable alternatives used for our key materials [cotton, polyester, leather, cardboard, PU]

\* SDGs: Sustainable Development Goals.

<sup>2</sup> G4-18, G4-22, G4-24, G4-25, G4-26, G4-27

## F.2 SUSTAINABILITY ORGANIZATION WITHIN PUMA



In 2017, we focused on the implementation of our 10FOR20 Sustainability Targets via the 10FOR20 Action Plan and reported progress at our Executive Corporate Sustainability Committee meetings as well as during our 14<sup>th</sup> annual stakeholder meeting, which was held in Hong Kong for the first time.

During the discussions in Hong Kong we received feedback on our sustainability strategy, particularly from our Asian stakeholders. We discussed potential new initiatives with a view to measuring and implementing fair wages and fighting climate change in the supply chain, as well as expanding our Human Rights Due Diligence process beyond the first and second tiers of the supply chain.

For the first time, we invited other leading brands to take part in this event and we have now launched an industry working group focusing on promoting energy efficiency and renewable energy in shared factories. We also decided to expand our Supplier Climate Change Program from Vietnam to Bangladesh, in partnership with IFC. The PUMA Sustainability Management System supports the implementation of our strategy and is comprised of the following elements:

- I. Organizational structure with clear reporting lines
- II. Training for all PUMA staff
- III. The PUMA Code of Conduct
- IV. The PUMA Sustainability Handbooks
- V. External databases for the collection of social, environmental, health and safety and governance information.

## SCOPE OF DATA COLLECTION

Our materiality analysis clearly indicated that a major part of our impact comes from manufacturing materials and components and not the assembly of finished goods. We therefore added our core component and materials suppliers to the scope of our data collection.

## DATA SOURCES

To ensure a high degree of transparency and to promote the sharing of environmental and social data with our industry peers, we have chosen to work with external and often public databases, including:

- The Fair Factories Clearinghouse to share compliance audit data with other brands.
- The ZDHC's wastewater platform for sharing supplier data on wastewater testing.
- The Chinese NGO IPE for the publication of supplier environmental data, including IPE's Green Supply Chain Map.

We also collect social and environmental performance data from our company's own sites and from our core suppliers engaged in manufacturing our products.

T.1 PUMA 10FOR20 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY

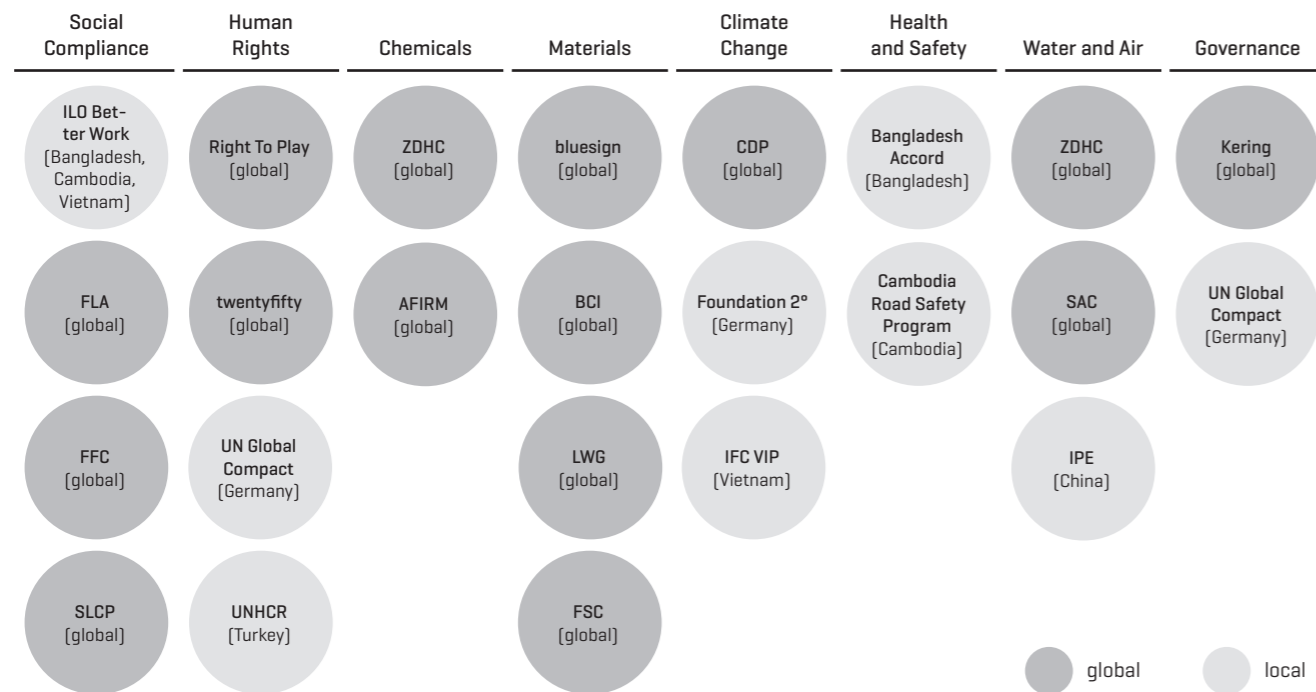
TARGET	BASELINE 2015	PERFORMANCE 2017	PLANNED ACTION 2018	TARGET 2020	STATUS
01 Stakeholder Engagement	<ul style="list-style-type: none"> <li>Talks at Banz</li> <li>Supplier round tables</li> </ul>	<ul style="list-style-type: none"> <li>Talks in Hong Kong, supplier round tables including external stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Alternate global stakeholder meetings between Europe and Asia. Continue round tables in all major sourcing markets</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder dialogue, public reporting, consumer information</li> </ul>	On track
02 Human Rights	<ul style="list-style-type: none"> <li>Human rights screening</li> </ul>	<ul style="list-style-type: none"> <li>Human rights assessment expanded to supply chain</li> <li>Employee volunteering platform operational, &gt;17,000 hours of community engagement</li> <li>Partnership with Right To Play formalized</li> </ul>	<ul style="list-style-type: none"> <li>Implement suggested measures from human rights assessment</li> <li>Continue employee volunteering on global scale</li> </ul>	<ul style="list-style-type: none"> <li>Embed human rights across our operations and suppliers</li> <li>Positively impact communities where PUMA is present</li> </ul>	On track
03 Social Compliance	<ul style="list-style-type: none"> <li>All Tier 1 suppliers frequently audited</li> <li>Workers' complaints received and processed</li> </ul>	<ul style="list-style-type: none"> <li>Joint industry assessment tool (SLCP) piloted</li> <li>27% of audits shared</li> <li>Number of zero tolerance issues not dealt with at the end of the year: 0</li> </ul>	<ul style="list-style-type: none"> <li>No zero tolerance issues not dealt with at the end of the year</li> <li>Implement joint industry assessment tool (SLCP)</li> <li>Increase percentage of shared audits to 50%</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with industry standards/ILO Core Conventions for all core suppliers, including suppliers of finished goods as well as component and material suppliers</li> </ul>	On track
04 Health & Safety	<ul style="list-style-type: none"> <li>OHS part of compliance audits</li> </ul>	<ul style="list-style-type: none"> <li>Fatal accidents PUMA: 0 Suppliers: 1</li> <li>Injury rate PUMA: 0.72 Suppliers*: 0.61</li> </ul>	<ul style="list-style-type: none"> <li>Zero fatal accidents</li> <li>Average injury rate of PUMA entities below 1</li> </ul>	<ul style="list-style-type: none"> <li>Zero fatal accidents</li> <li>injury rates below industry average</li> </ul>	<p>Fatal accidents: not on track </p> <p>Injury rates: on track </p>
05 Climate Change	<ul style="list-style-type: none"> <li>Science-based-target development announced</li> </ul>	<ul style="list-style-type: none"> <li>Science-based target submitted for review</li> <li>3% interim reduction target</li> <li>PUMA (Scope 1&amp;2) relative to turnover: -5% [tbc]</li> <li>Scope 3: -7%</li> </ul>	<ul style="list-style-type: none"> <li>Formation of an industry working group on climate change; expand supply chain climate projects to cover top 3 countries</li> </ul>	<ul style="list-style-type: none"> <li>Science-based reduction target to be developed and implemented</li> </ul>	<p>SBT: not on track </p> <p>3% reduction on track </p>

Table 1 gives an overview of our target performance. For a detailed summary of our progress towards our individual targets, please refer to the chapter for each target area.

\* Bangladesh, Cambodia, China, Indonesia & Vietnam

TARGET	BASELINE 2015	PERFORMANCE 2017	PLANNED ACTION 2018	TARGET 2020	STATUS
06 Chemicals	<ul style="list-style-type: none"> <li>Commitment to Zero Discharge of Hazardous Chemicals (ZDHC)</li> </ul>	<ul style="list-style-type: none"> <li>PFC phase out: 99% of products PFC-free</li> <li>RSL failure rate: 2.2%</li> <li>VOC Index for shoes: 20.9 g/pair</li> </ul>	<ul style="list-style-type: none"> <li>Keep RSL failure rate below 3%</li> <li>Pilot ZDHC Chemicals Gateway for MRSL check of supplier chemical inventories</li> <li>Reduce VOC consumption per pair of shoes below 20 g/pair</li> </ul>	<ul style="list-style-type: none"> <li>Zero Discharge of Hazardous Chemicals from our supply chain</li> </ul>	On track
07 Water & Air	<ul style="list-style-type: none"> <li>Start of wastewater testing and tests' results publication</li> </ul>	<ul style="list-style-type: none"> <li>ZDHC wastewater guideline implemented at core suppliers</li> <li>Air emissions study for Chinese suppliers completed</li> </ul>	<ul style="list-style-type: none"> <li>Expand implementation of wastewater guideline beyond core suppliers</li> <li>Start ZDHC project on air emissions guideline</li> </ul>	<ul style="list-style-type: none"> <li>Industry best practice on water treatment and air pollution is met by 90% of PUMA core suppliers</li> </ul>	<p>Water: on track </p> <p>Air: need to speed up efforts </p>
08 Materials	<ul style="list-style-type: none"> <li>bluesign (polyester), Leather Working Group (leather) and FSC (paper &amp; cardboard) certification used in significant volumes</li> </ul>	<ul style="list-style-type: none"> <li>Apparel Cotton: BCI 40%</li> <li>Polyester: bluesign: 47%</li> <li>Footwear Leather: LWG: 99%</li> <li>Cardboard &amp; Paper: FSC: 95%</li> <li>Accessories Polyester: Bluesign: 34%</li> </ul>	<ul style="list-style-type: none"> <li>FSC: 90%</li> <li>LWG: 90%</li> <li>bluesign: 40%</li> <li>BCI: 40%</li> </ul>	<ul style="list-style-type: none"> <li>More sustainable materials used for our key materials</li> <li>FSC: 90%</li> <li>LWG: 90%</li> <li>bluesign: 50%</li> <li>BCI: 50% [PU target in development]</li> </ul>	On track
09 EP&L	<ul style="list-style-type: none"> <li>Kering Group EP&amp;L published (including PUMA figures)</li> </ul>	<ul style="list-style-type: none"> <li>PUMA EP&amp;L 2016 published</li> </ul>	<ul style="list-style-type: none"> <li>Reduce EP&amp;L value per unit of turnover</li> </ul>	<ul style="list-style-type: none"> <li>Continue to report yearly on our impact</li> <li>PUMA EP&amp;L value significantly reduced</li> </ul>	On track
10 Governance	<ul style="list-style-type: none"> <li>PUMA Code of Ethics training with low participation rate</li> <li>Ethics training participation rate: 60%</li> </ul>	<ul style="list-style-type: none"> <li>PUMA Code of Ethics training participation rate: 99% (of all staff with email accounts)</li> <li>353 suppliers trained in anti-corruption measures</li> <li>Anti-corruption section included in supplier audit tool</li> </ul>	<ul style="list-style-type: none"> <li>Ensure rate of training for PUMA staff (with email accounts) remains over 95%</li> <li>Expand supplier training sessions to cover 80% of all suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and run a state-of-the-art compliance system</li> </ul>	On track

F.3 MATRIX OF PARTNERSHIP INITIATIVES



17 PARTNERSHIPS FOR THE GOALS **STAKEHOLDER ENGAGEMENT<sup>3</sup>**  
[10FOR20 TARGET NO. 1]

**Target Description:**  
Continue and expand PUMA's Stakeholder Dialogue and Public Non-Financial Reporting in accordance with global standards; Increase sustainability communication towards consumers. Relevant to United Nations Sustainable Development Goal 17.

**Example from the 10FOR20 Action Plan:**

- Conduct regional stakeholder mapping
- Transform regional supplier round table meetings into regional stakeholder meetings

**KPIs:**

- Thematic and regional coverage of partnership initiatives
- Percentage of suppliers reached via round table meetings

PUMA continues to place a strong emphasis on stakeholder dialogue and industry collaboration. Therefore, the PUMA sustainability team works with a number of national and international programs and engages extensively with stakeholders and experts at a regional and international level.

In addition, we partner with relevant organizations regarding specific materials, such as bluesign Technologies, the Leather Working Group, the Better Cotton Initiative, the Forest Stewardship Council and the German Partnership for Sustainable

Textiles. Our global initiatives are supported by regional partnerships with organizations such as the Bangladesh Accord on Fire and Building Safety, the Indonesia Protocol on Freedom of Association and the Chinese National Textile and Apparel Council. Another example of local action is our work with the UNHCR on promoting legal employment for Syrian refugees in Turkey. Lastly, we are active members of the World Federation of the Sporting Goods Industry as well as the European Sporting Goods Industry Federation.

Our active stakeholder engagement at corporate level includes our first stakeholder meeting discussions in Hong Kong and our regional supplier round table meetings. The regional round table meetings in 2017 each had input from civil society organizations and external sustainability experts.

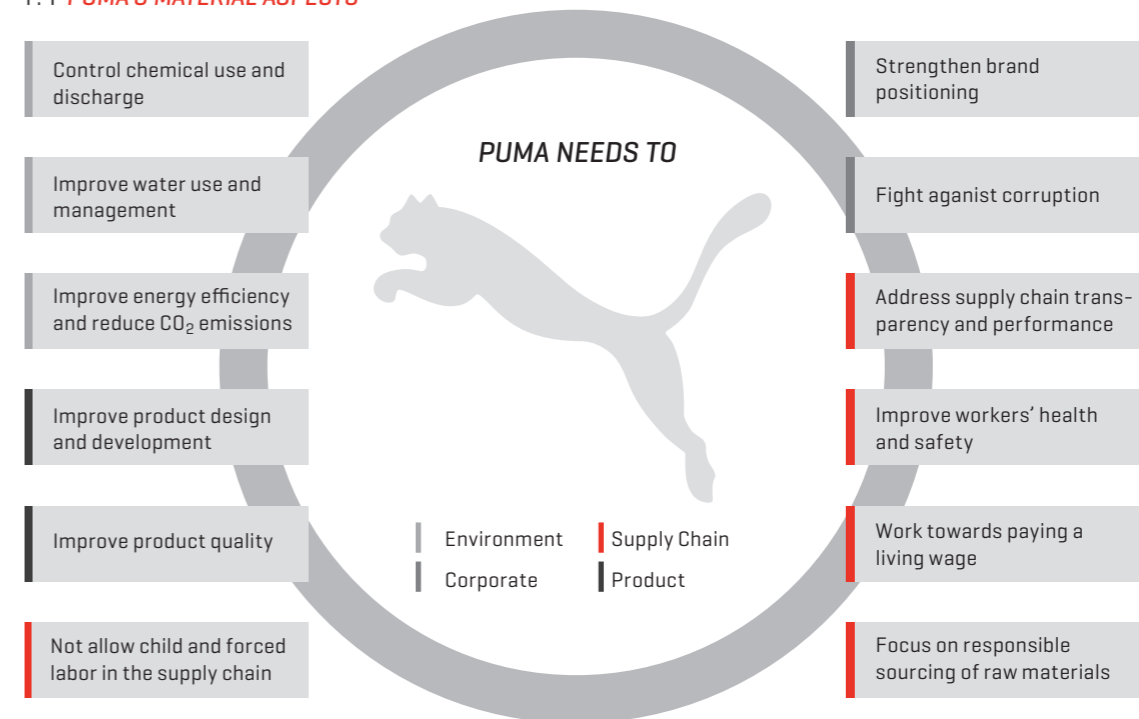
In line with our 10FOR20 Action Plan target, 302 suppliers (72%) attended the annual round table meetings and discussed relevant legal updates, the industry move towards convergence of sustainability tools and PUMA's sustainability strategy.

For more information on our stakeholder engagement please visit: <http://about.PUMA.com/en/sustainability/stakeholders>

Interested organizations and individuals can also register for our stakeholder distribution list by sending an email to [sustainability.stakeholders@PUMA.com](mailto:sustainability.stakeholders@PUMA.com)

<sup>3</sup> G4-18, G4-24, G4-25, G4-26, G4-27

F.4 PUMA'S MATERIAL ASPECTS



**MATERIAL ASPECTS<sup>4</sup>**

As the most relevant sustainability challenges and opportunities in our industry are well-known and not necessarily specific to PUMA, we used the results of our existing materiality analysis

when setting our 10FOR20 Targets to cover all sustainability-related material aspects.

Our most material aspects are covered by our 10FOR20 Sustainability Targets:

Moreover, we also covered the more business-related material aspects within our Forever Faster brand positioning:

MATERIAL ASPECT	10FOR20 SUSTAINABILITY TARGETS
Control chemical use and discharge	Zero Discharge of Hazardous Chemicals [Target No. 6]
Water use and management	Water and Air [Target No. 7]
Energy efficiency and CO <sub>2</sub>	Climate Change [Target No. 5]
Child and forced labor	Social Compliance and Human Rights [Target Nos. 2 and 3]
Anti-corruption	Governance [Target No. 10]
Transparency in the supply chain	Stakeholder Engagement and Social Compliance [Target Nos. 1 and 3]
Workers' health & safety	Health and Safety [Target No. 4]
Living wages	Human Rights [Target No. 2]
Responsible sourcing of raw materials	Materials [Target No. 8]

MATERIAL ASPECT	IS COVERED BY
Improving brand positioning	See Brand section of the Annual Report
Improving product design and development	See report Product section
Improving product quality	See report Product section

<sup>4</sup> G4-18, G4-19, G4-20, G4-21, G4-22, G4-24, G4-25, G4-26, G4-27

# SOCIAL ASPECTS

## HUMAN RIGHTS (10FOR20 TARGET NO. 2)

**Target Description:**  
Embed Human Rights across our operations and suppliers. Positively impact the communities where PUMA is present. Relevant to United Nations Sustainable Development Goals 3, 4, 5, 10.

**Examples from the 10FOR20 Action Plan:**

- Identify human rights hotspots in the supply chain
- Mitigate the risk of forced/bonded labor
- Promote the empowerment of women

**KPIs:**

- Number of zero tolerance issues not dealt with at year end [shared KPI with Social Compliance]
- Number of employee hours spent on community engagement [shared KPI with Human Resources]

The respect for human rights has been at the heart of our sustainability strategy since it was first drafted more than 15 years ago. Today our engagement covers our own company sites and extends to our supply chain, forming a key principle of the PUMA Code of Conduct.

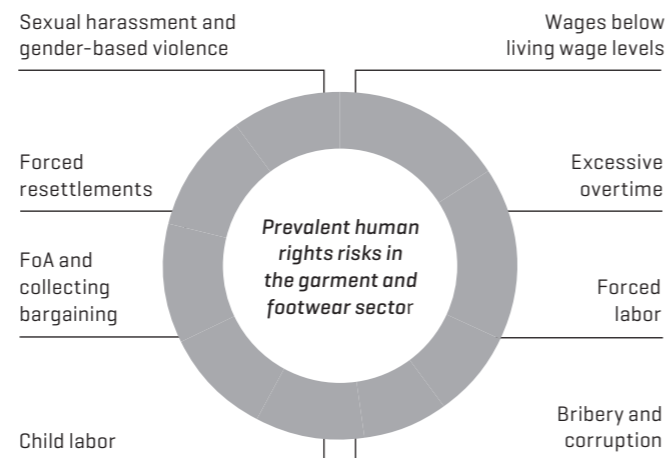
We report on code compliance at our supplier factories in the Social Compliance chapter. Positive community impacts are reported in the Human Resources section of this report.

This chapter focuses on the results of the Supply Chain Human Rights Risk Assessment conducted in 2017 with the specialist consultancy firm twentyfifty.

In 2017, we expanded our human rights risk assessment to the supply chain and took steps to mitigate the risks identified, for example in the area of cotton farming via our membership of the Better Cotton Initiative.

Based on the Human Rights Capacity Diagnostic (HRCDD) developed by twentyfifty we have assessed our capacity to apply the human rights due diligence concept to our supply chain operations and to identify hotspots where further action is required.

## F.5 PREVALENT HUMAN RIGHTS RISKS IN THE GARMENT AND FOOTWEAR SECTOR



## F.6 RESULTS OF SUPPLY CHAIN HUMAN RIGHTS RISK ASSESSMENT

Supply Chain Self-Assessment Categories	PUMA capacity level
Embedding responsible business conduct – Policies	3.0
Embedding responsible business conduct – Management processes	4.5
Mapping and assessing risks and impacts	2.0
Ceasing, preventing or mitigating negative impacts	3.0
Tracking effectiveness – Audit	4.0
Tracking effectiveness – Grievance mechanisms	2.5
Collaborating	4.5

**PUMA capacity level:**

- |                        |                            |
|------------------------|----------------------------|
| 1 Non responsive       | 4 Practive Experimentation |
| 2 Reactive             | 5 Strategic Integration    |
| 3 Efficient Management | 6 Demonstration Leadership |

## F.7 EXAMPLES OF IDENTIFIED HIGH RISK AREAS IN THE COTTON SUPPLY CHAIN IN INDIA

PROCESS	Country Risk Likelihood India	Process Risk Severity	PUMA Mitigation Strategy	PUMA Risk Exposure	PUMA Action Plan
Farming	High	High	Medium <sup>1)</sup>	High	Expand BCI coverage
Ginning	High	Medium	Low	Medium	To be discussed with BCI
Spinning	High	Medium	Medium <sup>2)</sup>	Medium	Expand audit coverage
Knitting	High	Medium	Medium <sup>2)</sup>	Medium	Expand audit coverage
Product Manufacturing	High	Medium	High <sup>3)</sup>	Low	None

1) BCI  
2) some audit coverage  
3) 100% audit coverage

The results show that PUMA is pro-actively embedding responsible business conduct in its management processes as well as collaborating with other peers and industry initiatives. On the other hand, practices regarding mapping and assessing risks and impacts in the lower tiers of the supply chain are still reactive and need to be better integrated at the strategic level.

Our social compliance program helps us to cover the first tier of the supply chain as well as core Tier 2 suppliers. We identified high risk areas in the field of cotton farming and cattle ranching as well as several blind spots, for example at gineries, the lower tiers of leather tanning and marine shipping.

We discussed the results of our risk assessment with internal and external stakeholders and set up an action plan to mitigate the potential risk identified. It should be noted that these risks

are endemic to these industries and will not be eliminated by the actions of a single brand.

In June 2017, we published our first PUMA Statement on Slavery and Human Trafficking, in accordance with the UK Modern Slavery Act.

In terms of capacity-building we launched a new women's empowerment program, working with our global partner ILO Better Work at two key suppliers in Bangladesh.

Our PUMA Human Rights Action Plan is available on our website and we welcome stakeholder feedback via: [sustainability.stakeholders@PUMA.com](mailto:sustainability.stakeholders@PUMA.com)

**3 GOOD HEALTH AND WELL-BEING** **SOCIAL COMPLIANCE (10FOR20 TARGET NO. 3)**

**Target Description:**  
Compliance with industry standards/ILO Core Conventions for all core suppliers, including suppliers of finished goods as well as component and material suppliers. *Relevant to United Nations Sustainable Development Goals 3, 5, 8, 10.*

**Examples from the 10FOR20 Action Plan:**

- Align compliance assessments at industry level
- Measure and manage social KPIs [supply chain]
- Disclose full core supplier list and audit tool

**KPIs:**

- Number of zero tolerance issues not dealt with at year end
- Percentage of worker complaints resolved

PUMA has provided its own Code of Conduct for suppliers since 1993. A team of local experts in all major sourcing regions monitor the implementation of the code via audits, site visits and capacity-building projects. The code's provisions are set out in our PUMA Sustainability Handbooks. Our code includes local contacts' details to enable factory employees to reach the PUMA team directly in case of any code violations.

Since 2007, our internal vendor compliance system has externally accredited by the Fair Labor Association [FLA]. Third parties are entitled to file official complaints with the FLA if they feel that there has been a breach of the code.

In 2016, we divided our supplier base into core suppliers, who are responsible for 80% of our business volume and non-core suppliers, who may be used on a less frequent basis and are responsible for less order volume.

We tasked our own Supply Chain Sustainability Team in 2017 to work with our core suppliers primarily [including material and



component Suppliers] while outsourcing the auditing of Non-core suppliers local compliance experts. However, any new supplier must undergo an initial compliance audit by a member of the PUMA team.

All PUMA audits are openly shared with members of the Fair Factories Clearinghouse Platform and 27% of all audits are based on shared assessments.

We are convinced that a standard compliance reference shared throughout the industry will lead to improvements and greater transparency. This is why we piloted the assessment tool developed by the SAC's Social and Labor Convergence Program along with several other brands.



**“AS A FLA PARTICIPATING COMPANY WITH AN ACCREDITED SOCIAL COMPLIANCE PROGRAM, PUMA HAS DEMONSTRATED AN UNDERSTANDING OF HOW HEAD-QUARTER-LEVEL DECISIONS AFFECT FACTORY-FLOOR WORKING CONDITIONS AND HAS COMMITTED TO ENACTING FAIR LABOR PRACTICES IN ITS SUPPLY CHAIN. THE FLA IS PLEASED TO BE PARTNERING WITH PUMA AND OTHER COMPANIES SOURCING CLOTHING FROM TURKEY TO MAP COTTON SUPPLY CHAINS AND DEVELOP SYSTEMS FOR IMPROVING THE LIVES OF WORKERS SUPPLYING RAW MATERIALS. PROGRAMS THAT RESPECT LABOR RIGHTS FROM FARM TO FACTORY LEAD THE WAY TOWARD HIGHER STANDARDS FOR THE APPAREL INDUSTRY AT LARGE.”**

SHARON WAXMAN, FAIR LABOR ASSOCIATION, PRESIDENT AND CEO

**T.2 AUDITED CORE AND NON-CORE FACTORIES IN 2017**

RATING	ACTIVE FACTORIES					INACTIVE FACTORIES				
	CORE		NON-CORE			CORE		NON-CORE		
	Tier 1 suppliers	Tier 2 suppliers	Tier 1 suppliers	Tier 2 suppliers	Total	Tier 1 suppliers	Tier 2 suppliers	Tier 1 suppliers	Tier 2 suppliers	Total
A	22	11	65	1	99				1	1
B+	24	22	97	5	148			1		1
B-	15	25	100	9	149			3		3
C	1	1	9		11		1	8	1	10
D			1		1		1	8		9
<b>TOTAL</b>	<b>62</b>	<b>59</b>	<b>272</b>	<b>15</b>	<b>408</b>	<b>0</b>	<b>2</b>	<b>20</b>	<b>2</b>	<b>24</b>
<b>GRAND TOTAL</b>					<b>428</b>					<b>432</b>

**T.3 AUDIT PERFORMANCE 2014 - 2017**

AUDIT RATING**	2014			2015			2016			2017		
	Tier 1	Tier 2 - 3	Total	Tier 1	Tier 2 - 3	Total	Tier 1	Tier 2 - 3	Total	Tier 1	Tier 2 - 3	Total
A	43	2	45	36	1	37	58	12	70	87	12	99
B+	145	12	157	156	16	172	166	26	192	121	27	148
B-	92	6	98	75	12	87	87	32	119	115	34	149
C	29	2	31	25	2	27	28	12	40	10	1	11
D	0	0	0	9	0	9	5	2	7	1	0	1
<b>TOTAL*</b>	<b>309</b>	<b>22</b>	<b>331</b>	<b>301</b>	<b>31</b>	<b>332</b>	<b>344</b>	<b>84</b>	<b>428</b>	<b>334</b>	<b>74</b>	<b>408</b>

\* Includes all Tiers and PUMA Group Sourcing as well as licensee suppliers  
\*\* Excludes 24 failed or deactivated factories

Our core factories clearly outperform the non-core factories in terms of audit ratings. 74% of all core Tier 1 suppliers achieved an A or B+ rating and only one core Tier 1 factory failed our audit with a C grade.

In comparison, only 60% of our non-core Tier 1 suppliers achieved an A or B+ rating and 10 of our active non-core Tier 1 suppliers [4%] failed the audit and will need to improve their standards or face being delisted.

In total, 10 factories were not admitted into our supplier base due to a failed audit and a further 7 factories were deactivated for the same reason.

Overall, our supply chain team identified four cases of zero tolerance issues in 2017. These cases were mainly related to the underpayment of minimum wages. All factories were asked to immediately remedy the issues in question.

Two factories were consequently removed from our supplier base and two factories rectified the payments and therefore remained active PUMA suppliers.

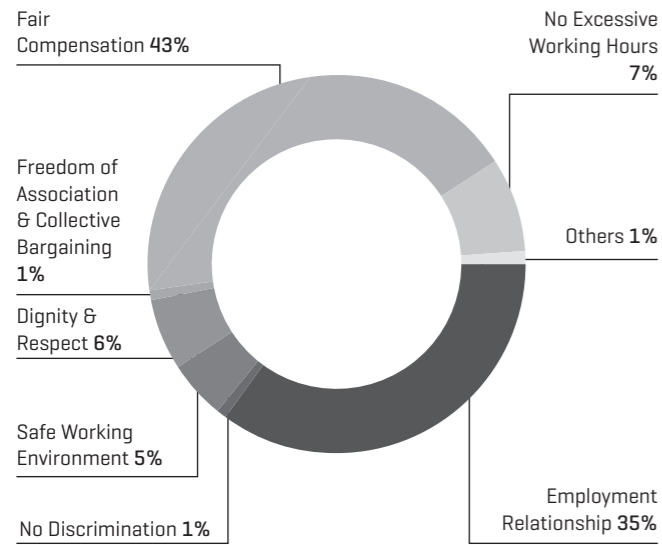
Since any audit or assessment can only analyze the compliance situation at a given time, we used two other tools to manage and track performance of our suppliers:

- a worker complaints hotline for all PUMA suppliers,
- the collection of social KPIs from our core suppliers.

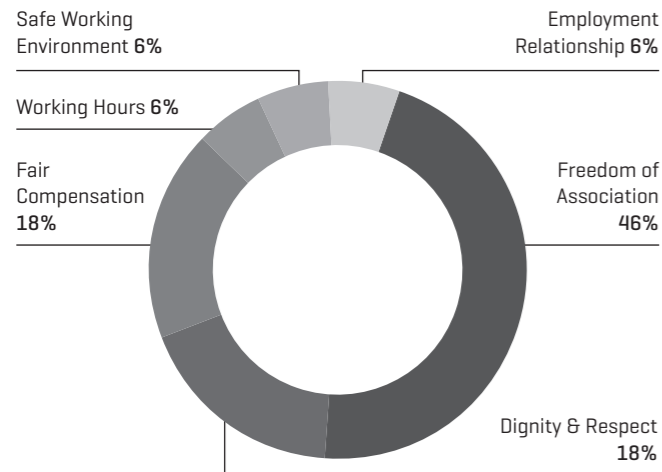


Please find below an overview of the 81 worker complaints and 8 third-party complaints received in 2017:

F.8 WORKERS COMPLAINTS' CATEGORIES\*

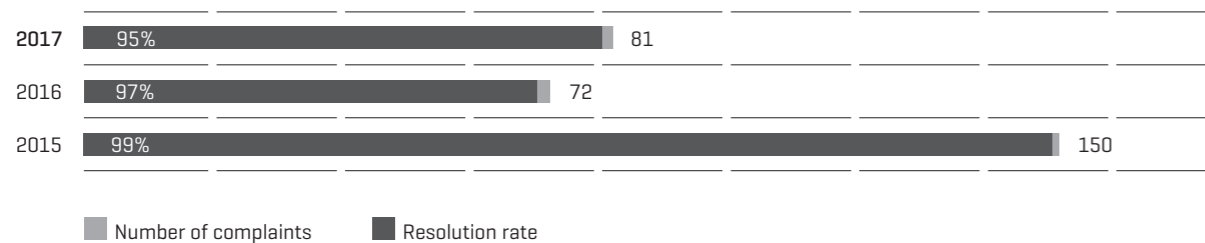


F.9 THIRD-PARTY COMPLAINTS\*



\* For illustrative purposes, the numbers in the tables and graphs have been rounded

F.10 WORKERS COMPLAINTS AND RESOLUTION RATES



The number of worker complaints received (81) by our team increased slightly, with a more even geographical distribution of complaints. Three worker complaints were classified as zero tolerance issues and were successfully resolved. The overall resolution rate of workers complaints remained stable, above 90% for the third consecutive year. The prevailing causes of complaints included wages, employment relationship and working hours, as well as dignity and respect in the workplace. Our team is committed to resolving each individual case by following up closely with the relevant parties until a satisfactory solution is reached.

In addition, we received ten third-party factory complaints covering 17 issues. The third party complaints focused mainly on freedom of association, fair compensation and dignity and respect. All third-party complaints were followed up and closed either through resolution or by providing a detailed explanation to the complaining organization.

Worker complaints and social KPIs help us and our suppliers to track performance improvements over time and to measure suppliers against benchmarks.

T.4 SELECTED SOCIAL KPIS FROM PUMA T1 CORE SUPPLIERS\*

2017 KPI**	LATIN AMERICA		SOUTH ASIA			EAST AND SOUTHEAST ASIA					EMEA	
	El Salvador	Mexico	Bangladesh	India	Pakistan	China	Cambodia	Indonesia	Malaysia	Vietnam	Georgia	Turkey
Gross wage paid above minimum wage excluding overtime and bonuses [%]	5.1	77.3	45.5	14.1	25.9	8.4	4.7	2.3	0.2	36.4	77.9	15.7
Gross wage paid above minimum wage including overtime and bonuses [%]	15.8	224.7	98.9	16.7	32.7	176.9	62.1	53.8	68.2	100.4	158.5	31.4
Workers covered by social insurance [%]	100.0	100.0	97.9	95.6	100.0	62.2	100.0	98.4	100.0	94.0	100.0	100.0
Overtime work (hours per week)	0.8	5.3	11.5	0.0	0.1	17.5	7.8	9.7	14.5	7.5	1.6	5.5
Workers covered by a collective bargaining agreement [%]	0.0	0.0	0.0	0.0	0.0	83.4	32.9	50.0	0.0	91.2	0.0	0.0
Female workers [%]	71.6	51.9	42.1	38.9	4.8	59.9	87.4	88.2	35.7	81.9	95.7	54.1
Permanent workers [%]	100.0	11.1	100.0	100.0	100.0	19.5	8.0	51.2	24.1	49.5	100.0	100.0
Annual turnover rates [%]	17.6	87.2	36.3	31.6	25.8	83.6	40.2	19.9	25.3	33.1	43.9	38.9

\* Data received from 59 PUMA core suppliers representing 73% of 2017 production volume  
 \*\* Reporting period for data collection: November 2016-October 2017



The second year of our S-KPI data collection confirmed the trends already visible in 2016:

- Our suppliers pay significantly above the minimum wage. On average, basic wages are 26% higher. When overtime and bonuses are added, the average premium is 87%;
- Good global coverage of social insurance (except China);
- Only a minority of our suppliers have collective bargaining agreements in place;
- There are low proportions of permanent workers and high staff turnover rates in several countries, most notably Cambodia, China and Mexico.

We recognize the persistent, systemic challenges in the supply chains of the apparel and footwear industry in many major sourcing countries. This year we are responding to these challenges as below:

- Weak enforcement of labor law and social insurance provisions by local authorities;
  - ▶ Start social insurance promotion program for our Chinese supplier base [2017].
- Low minimum wage levels leading to incentives for excessive overtime;
  - ▶ Regular monitoring of wage rates in our factories in comparison to minimum wages.
- Immature industrial relations leading to anti-union bias among many employers;
  - ▶ Freedom of association training for factory management [2018].
- Inadequate local infrastructure, such as public transport systems;
  - ▶ Membership of the Cambodia Road Safety Initiative [2017].

- Cultural differences on the definition of good governance;
  - ▶ Anti-corruption policy as part of PUMA sourcing contracts, anti-corruption training program for suppliers, inclusion of an anti-corruption section in the PUMA audit tool [all 2017].

The choice we are facing is whether to withdraw from certain otherwise attractive sourcing markets to avoid these systemic challenges or to stay engaged. We have chosen to engage and thus try to improve the situation for the workers in our supplier factories, securing much-needed local jobs and supporting economic development in developing regions.

There is no quick fix for these challenges. Our strategy of joint action with our industry peers in multi-stakeholder initiatives and with intergovernmental organizations such as the ILO, will bring gradual improvements over time, something which was also part of the development of most developed countries. For example, in 2017, together with other brands, we met a representative of the Cambodian government to discuss the need to continue the implementation of the ILO Core Conventions in the country. Initiatives like the German Partnership for Textiles have the potential to further support and accelerate this process.

**HIGHLIGHT: PUMA HAS BEEN AN ACCREDITED MEMBER OF THE FAIR LABOR ASSOCIATION SINCE 2007.**

**PUMA Vendor Financing Program**

In a bid to continue our efforts to provide an incentive to suppliers with good compliance and sustainability ratings, the IFC and BNP Paribas have offered attractive financing conditions for vendors who have achieved a SAFE A or B rating. In 2017, twelve additional suppliers from six countries joined the program.



*“GLOBAL TRADE SUPPLIER FINANCE (GTSF) IMPROVES ACCESS TO FINANCE IN PARTICULAR FOR SMES AND CREATES A POWERFUL FINANCIAL INCENTIVE FOR SUPPLIERS TO INVEST IN BETTER ENVIRONMENTAL AND SOCIAL CONDITIONS. WE ARE GLAD TO SEE PUMA SUPPLIERS FROM CAMBODIA, VIETNAM AND CHINA JOINING THE PROGRAM AND STRIVING FOR SUSTAINABILITY. THIS IFC-PUMA PARTNERSHIP LEADS THE WAY FOR THE INDUSTRY TO FOLLOW IN FORGING CLOSER LINKS BETWEEN FINANCE AND SUSTAINABILITY.”*

ETHIOPIA TAFARA, IFC, VICE PRESIDENT AND GENERAL COUNSEL

**3 GOOD HEALTH AND WELL-BEING**  
**HEALTH AND SAFETY**  
**[10FOR20 TARGET NO. 4]**

**Target Description:**

Zero fatal accidents at PUMA and its suppliers; average injury rate for suppliers below 2 [interim target 2017], below 1.5 for PUMA. *Relevant to the United Nations Sustainable Development Goal 3.*

**Examples from the 10FOR20 Action Plan:**

- Expand building safety projects to India and Pakistan
- Ensure professional risk assessments are conducted regularly

**KPIs:**

- Number of fatal accidents at Tier 1 and core Tier 2 factories
- Average injury rate at PUMA [reported in People at PUMA section]
- Average injury rate at core Tier 1 suppliers

PUMA actively promotes the health and safety of its workforce. For details on our corporate OHS performance, please refer to the People@PUMA section of this report.

**LOWLIGHT: WE MISSED OUR ZERO FATAL ACCIDENTS TARGET IN 2017**

Sadly, we missed our zero fatal accidents target in 2017; in a tragic accident at one of our Bangladeshi suppliers, a worker fell into a wastewater treatment basin during sampling and could not be rescued.

This tragic event led us to accelerate our Zero Fatal Accidents Project. In 2017, we trained our entire global sustainability team in how to conduct a professional risk assessment. Our team then, in turn, trained 130 suppliers on the issue. In addition, our quality inspectors, who regularly visit our suppliers, were trained in how to identify potentially dangerous situations at factory level.

We successfully collected risk assessments from 99% of our core T1 suppliers and plan to expand this work in 2018.

We also identified road accidents as another potential source of fatal accidents and continued to engage with other brands in Cambodia through a working group in order to improve road safety for commuting employees.

The injury rates for Bangladesh [0.7], China [0.5] and Vietnam [0.4] reported for our core Tier 1 suppliers in our three largest sourcing countries reduced compared to our first data collection in 2016 and were below our target rate.

**Building Safety**

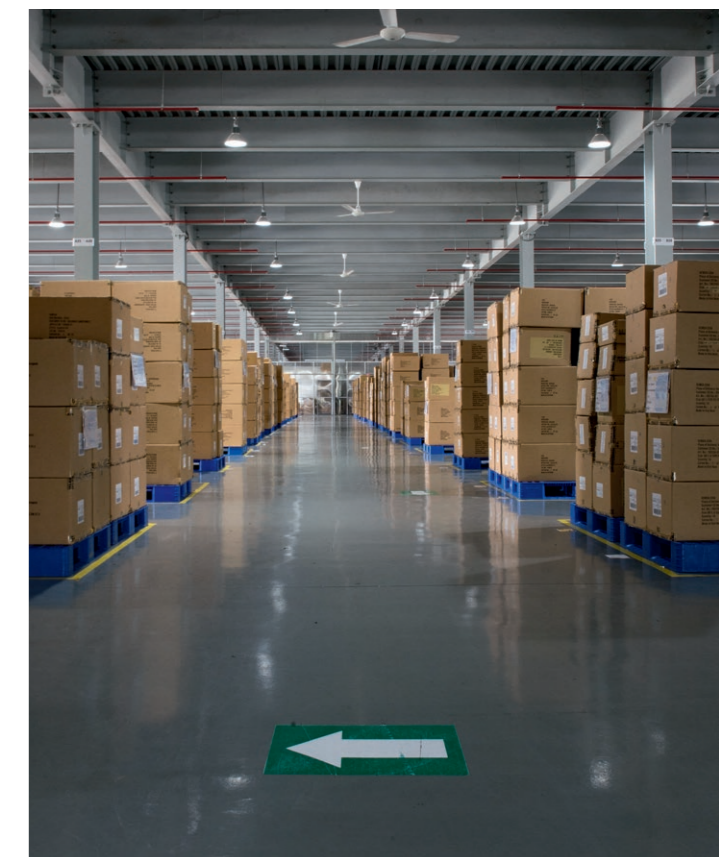
In 2016, the Accord on Fire and Building Safety in Bangladesh continued working to prevent fires, building collapses and other

**T.5 INJURY RATES OF MAJOR PUMA SOURCING COUNTRIES**

	Injury Rate 2017	Injury Rate 2016
Bangladesh	0.7	2.6
Cambodia	1.2	0.7
China	0.5	0.7
Indonesia	0.4	1.0
Vietnam	0.4	0.4
<b>Average</b>	<b>0.6</b>	<b>1.1</b>

accidents. PUMA factories were more effective in remedying their issues [96%] than the accord average [82%]. Fire remedy progress was particularly faster [98%] than the accord average [80%].

We also expanded our building safety efforts in Pakistan and India. In the first half of 2017, we completed our Pakistan project when four supplier factories in Pakistan underwent professional building safety assessments covering electrical fire and structural safety. This effort was followed up with five further building safety assessments in India.



# ENVIRONMENT



### Target Description:

Science-based CO<sub>2</sub> reduction target to be developed [2016] and implemented [2020]. Relevant to United Nations Sustainable Development Goal 13.

### Interim Target:

Relative reduction of Scope 1, 2 and 3 CO<sub>2</sub> emissions by 3% per year

### Examples from the 10FOR20 Action Plan:

- Extend large scale climate change projects in supply chain
- Work with logistics service providers to lower carbon footprint from transportation of goods

### KPIs:

- Direct CO<sub>2</sub> emissions from own entities [Scope 1]
- Indirect CO<sub>2</sub> emissions from own entities [Scope 2]
- Indirect CO<sub>2</sub> emissions from manufacturing and transport of goods [Scope 3]

During the UN Climate Change conference in Paris in 2015, PUMA committed to setting a science-based CO<sub>2</sub> emission target [SBT]. This means that we have accepted our fair share of global efforts to limit temperature rises to a maximum of two degrees. We are currently working with the WWF and the World Resources Institute to determine our science-based targets. Once validated, they will be incorporated into our action plans on climate change.

In the meantime, we retained our interim target of 3% relative reductions in our direct and indirect emissions per year. In the preparation for the 2017 UN Climate Change Conference in Bonn, PUMA supported an initiative by Stiftung 2 Grad to put climate change back at the top of the political agenda in Germany. In parallel, we started an industry working group on reducing CO<sub>2</sub> emissions in our supply chain, with its first meeting taking place during our annual stakeholder meeting discussions in Hong Kong.

### T.6 CO<sub>2</sub> EMISSIONS BREAKDOWN BY SOURCE

CO <sub>2</sub> EMISSIONS <sup>1-6</sup> [ABSOLUTE FIGURES]	2017	2016	2015
Scope 1* - Direct CO <sub>2</sub> emissions fossil fuels [T]	7,678	6,854	7,296
Scope 2* - Indirect CO <sub>2</sub> emissions electricity & steam [T]	40,029	37,300	35,591
Scope 3* - Other indirect emissions [T]	208,525	196,896	192,305
CO <sub>2</sub> emissions from business travel transportation [T]	14,394	12,167	10,191
CO <sub>2</sub> emissions from B2B transport of goods [T]	64,076	48,484	57,085
CO <sub>2</sub> emissions from production in Tier 1 supply chain [T]	123,061	120,023	118,708
Upstream activities subtotal [T]	201,531	180,673	185,984
CO <sub>2</sub> emissions from B2C transport of goods [T]	6,994	16,223	6,321
Downstream activities subtotal [T]	6,994	16,223	6,321
<b>TOTAL SCOPE 1-3 [T]</b>	<b>256,232</b>	<b>241,049</b>	<b>235,192</b>

\* Human Resources increased reporting scope [more sites covered] in 2017

1. Figures include PUMA-owned or operated offices, warehouses and stores. Outsourced warehouses and franchised stores are excluded.  
 2. Data includes extrapolations or estimations where no real data could be provided.  
 3. Excludes on-site generated and consumed energy as well as energy produced on-site and sold to the grid.  
 4. Includes own production sites in Argentina. All other production is outsourced to independent supplier factories.

5. Store data is derived from exemplary stores in each country and extrapolated to cover all stores; methodological changes over the last three years influence results.  
 6. PUMA uses own methodology for CO<sub>2</sub> accounting, with reference to the GHG protocol, but only reports data from business travel, transportation of goods as well as from production of Tier 1 suppliers under Scope 3 emissions.



### T.7 CO<sub>2</sub> EMISSIONS RELATIVE TO TURNOVER

[tons CO<sub>2</sub> per € million turnover per year]

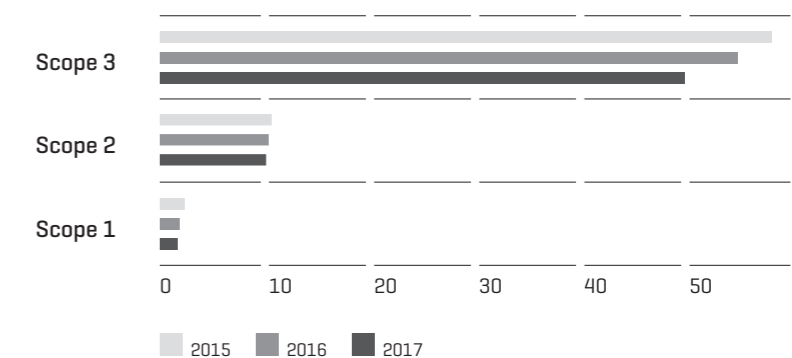
	2017	2016	2015
Scope 1* emissions	1.9	1.9	2.2
Scope 2* emissions	9.7	10.3	10.5
Scope 3* emissions	50.4	54.3	56.8
<b>TOTAL</b>	<b>62.0</b>	<b>66.5</b>	<b>69.4</b>
Annual turnover PUMA [€ Mio]	4,136.9	3,627.0	3,387.4

\* Increased reporting scope [more sites covered] in 2017

Due to a significant per-item reduction of CO<sub>2</sub> emissions from the manufacturing of our goods, we reduced our Scope 3 emissions by 7% relative to turnover. Our Scope 1 and 2 emissions were reduced by 5% relative to turnover, thus exceeding our target of 3% relative reduction per year. In absolute terms, our CO<sub>2</sub> emissions across all three Scopes increased by 6%.

### F.11 RELATIVE CO<sub>2</sub> EMISSIONS 2015 - 2017

[tonnes CO<sub>2</sub> per € million turnover per year]



Although global shipment volumes increased by around 33%, the increase in transport-related CO<sub>2</sub> emissions was only 31%. Our main partner for sea freight shipments, Maersk Line, operates ships with lower fuel consumption than the industry average, which is reflected in the emissions data they provide.

In 2017, we started the Vietnam Improvement Program [VIP] in partnership with the International Finance Corporation as well as several other larger brands. It contains detailed energy efficiency assessments, as well as feasibility studies for implementing renewable energy projects at supplier level. The PUMA part of the program focuses on eight PUMA core suppliers with large-scale energy consumption and CO<sub>2</sub> footprints.



Charging station at our headquarters in Herzogenaurach, Germany.

To improve the climate performance of our offices, stores and warehouses, we have reached out to the senior management of our largest subsidiaries and asked them to draw up individual climate action plans by country. These action plans are currently in preparation. To support more frequent carbon reporting, we have expanded services provided by the energy consultancy NUS, which will now cover all PUMA sites in China, Russia and India. Together with the existing NUS services in the United States, Germany, Italy, Sweden and France, we will soon be able to receive quarterly CO<sub>2</sub> emission reports covering over 50% of our direct and indirect (Scope 1 and 2) emissions.

We successfully piloted the usage of plug-in hybrid cars in our car fleet and plan to incentivize the use of hybrid cars going forward

with a new car fleet policy in 2018. This move will be supported by the opening of six additional electric charging stations at our company headquarters in Germany.

In terms of renewable electricity procurement, our German and Italian offices, stores and warehouses as well as selected sites in Australia and the UK run entirely on renewable electricity. During 2017, Spain joined the list of countries using predominantly renewable electricity.

**HIGHLIGHT: SINCE 2010 ALL PUMA SCOPE 1 AND 2 EMISSIONS HAVE BEEN OFFSET ON AN ANNUAL BASIS.**



**“HERE AT PUMA SOUTHERN EUROPE, WE AIM TO KEEP MAKING CONSTANT STEPS TO BECOME MORE SUSTAINABLE. THIS YEAR IN SPAIN WE SWITCHED TO AN ELECTRICITY SUPPLIER WHICH PROVIDES 100% RENEWABLE ENERGY FOR ALL OUR STORES AND OUR HEADQUARTERS IN BARCELONA AT NO ADDITIONAL COST TO THE COMPANY. THIS WILL HELP US TO REDUCE OUR ENVIRONMENTAL IMPACT.”**

JAVIER ORTEGA, GM PUMA SOUTHERN EUROPE

**3 GOOD HEALTH AND WELL-BEING**  
**CHEMICALS**  
**[10FOR20 TARGET NO. 6]**

**Target Description:**  
Zero discharge of hazardous chemicals from our supply chain by 2020. *Relevant to Sustainable United Nations Development Goals 3 and 6.*

**Examples from the 10FOR20 Action Plan:**

- Reduce the percentage of RSL failures to below 3%
- Phase-out the use of Poly-Fluorinated Chemicals (PFCs)
- Explore alternatives for VOCs in adhesives and PU materials

**KPIs:**

- Number and pass rate of RSL tests
- Percentage of products free of PFC
- VOC Index for shoes

All products commercialized by PUMA are subjected to the Restricted Substance List (RSL), to ensure compliance with global chemicals regulations. We also have a communications protocol in place to inform the management board in the event of any major failures on a product level (none in 2017).

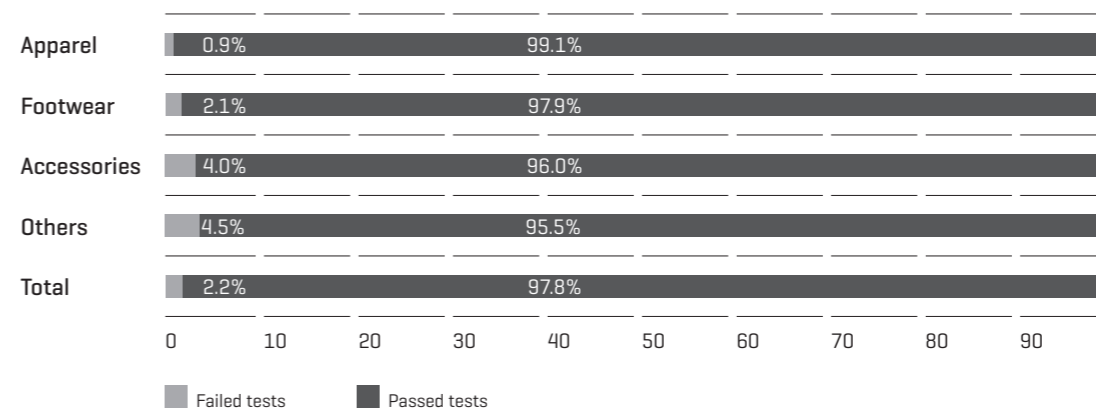
We use the Product Restricted Substance List developed by the AFIRM Group and the Manufacturing RSL developed by the ZDHC rather than our own PUMA testing standards. In 2018, we will pilot the ZDHC's Chemicals Gateway for automated review of MRSL compliance at supplier level.

In 2017, we piloted the new Higg Index Facilities Environmental Module (FEM) from the SAC. The tool was launched in November 2017 and we plan to roll it out to all our core suppliers in 2018.

During 2017, nine of our core materials suppliers were bluesign system partners and 15 leather suppliers were medal-rated members of the Leather Working Group.

In the period between 2015 and 2017, we were able to almost double the number of RSL tests at the same time as reducing the rate of reported test failures from 7.7 to 2.2% in line with our target of reducing our RSL failure rate to below 3%. When failures were found in RSL tests, we worked with our suppliers to identify the root cause and to eliminate any contamination before the material was approved for PUMA production.

**F.12 RSL FAILURE RATES BY DIVISION (in %)**



**T.8 RSL TEST RESULTS RECORDED IN THE PUMA RSL DATABASE**

2017 DIVISION TESTING	Accessories	Apparel	Footwear	Others	TOTAL
# of test reports	753.0	925.0	2,707.0	44.0	4,429.0
# of failed test reports	30.0	8.0	57.0	2.0	97.0
% failed	4.0	0.9	2.1	4.5	2.2

T.9 FAILURE STATISTICS 2015 - 2017

	2015	2016	2017
Total test reports	2,336.0	3,028.0	4,429.0
Failed test reports	179.0	121.0	97.0
% passed	92.3	96.0	97.8
% failed	7.7	4.0	2.2

RSL Test results recorded in the PUMA RSL Database

In addition, our material teams continued to work on the elimination of Perfluorinated Chemicals (PFCs) used in water repellent finishes, in line with our target to phase out the use of PFCs.

**HIGHLIGHT: AS OF THE END OF 2017, 99% OF OUR MATERIALS ARE PFC-FREE ACROSS ALL THREE MAJOR PRODUCT CATEGORIES (APPAREL, FOOTWEAR AND ACCESSORIES).**

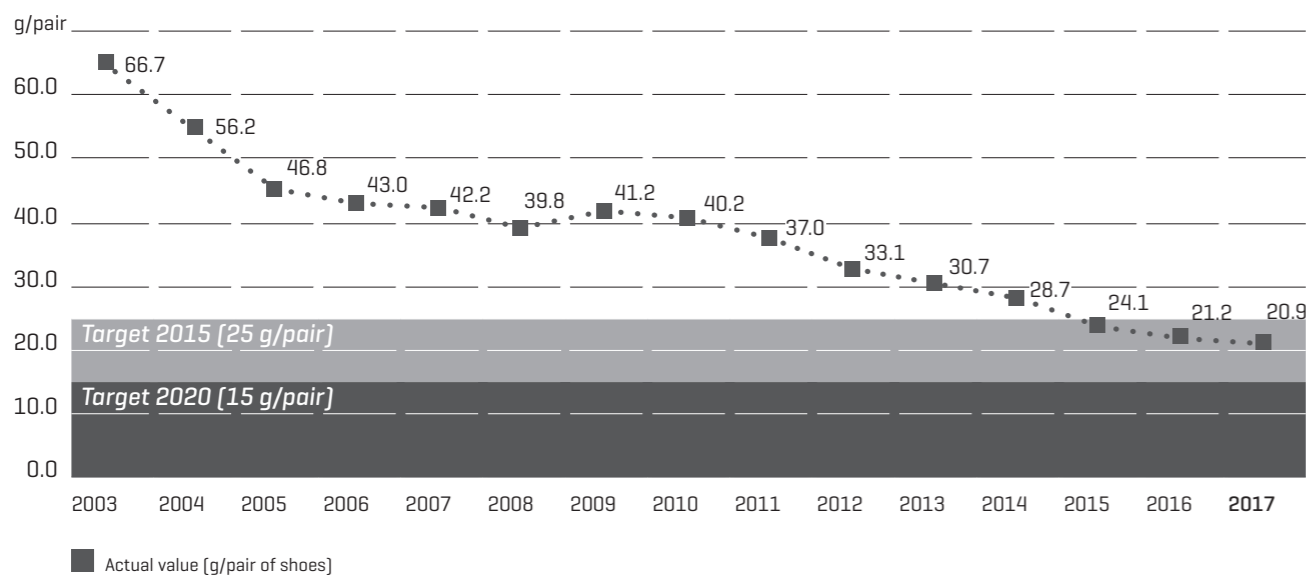
The remaining 1% consist of exceptional cases where the oil-repellent properties of PFCs are still required, for example for the outfits supplied to our Formula One teams.

Another chemical that came into focus last year was dimethylformamide (DMFa). DMFa is widely used in the production of polyurethane materials and coatings and can therefore be found within the PUMA supply chain. We have started to look into alternative PU solutions and piloted a DMFa-free PU shoe in 2017.

We also continued to work on our long term strategic target of reducing the amount of VOCs used in footwear production. We were able to lower this amount value to below 21 g/pair in 2017. Our next interim target will be 20 g/pair.



F.13 VOC INDEX OF PUMA FOOTWEAR PRODUCTION



**WATER&AIR**  
[10FOR20 TARGET NO. 7]



**Target Description:**

Industry best practice for water consumption and effluent treatment is met by 90% of PUMA core suppliers with wet processing facilities. Industry best practice for air pollution is met by 90% of PUMA core suppliers. Relevant to United Nations Sustainable Development Goals 3 and 6.

**Examples from the 10FOR20 Action Plan:**

- Ensure regular wastewater testing at relevant suppliers
- Support the development and adoption of an industry wastewater standard
- Support the development of an industry air quality standard

**KPIs:**

- Percentage of core suppliers with wet processing covered
- Percentage of core suppliers meeting best practice standards for water  
[Best practice for air still to be defined]

The textile industry has been highlighted as a major source of water pollution by several NGO reports in recent years. In 2016, the ZDHC developed an industry-aligned wastewater guideline, which serves as a unified and global standard for the apparel and footwear industry regarding wastewater quality at suppliers with wet-processing facilities.

At PUMA, we piloted the ZDHC wastewater guidelines in early 2017 and rolled out the guidelines during the year to our core suppliers with wet-processing facilities (typically dyeing mills and tanneries or vertically integrated suppliers).

**HIGHLIGHT: IN 2017, PUMA ROLLED OUT THE ZDHC WASTEWATER GUIDELINES TO 96% OF CORE SUPPLIERS WITH WET-PROCESSING FACILITIES**

42 PUMA suppliers tested their wastewater in 2017, leading to 54 test reports being uploaded on the ZDHC platform. The reports came from factories located in Bangladesh, China, Indonesia, Thailand, Turkey, Taiwan and Vietnam. In total, the ZDHC wastewater guideline now covers 96% of our core suppliers with wet processing facilities.

T.10 MRSL COMPLIANCE RATE-DISCHARGED WASTEWATER [in %]

Alkylphenol [AP] and Alkylphenol Ethoxylates [APEOs]	97.6
Chlorobenzenes and chlorotoluenes	97.6
Chlorophenols	97.6
Dyes - Azo [forming restricted amines]	100.0
Dyes - Carcinogenic or equivalent concern	100.0
Dyes - cisperse [sensitising]	100.0
Flame retardants	100.0
Glycols	100.0
Halogenated solvents	95.2
Organotin compounds	95.2
Perfluorinated and Polyfluorinated Chemicals [PFCs]	92.9
Ortho-phthalates - Including all ortho esters of phthalic acid	97.6
Polycyclic Aromatic Hydrocarbons [PAHs]	97.6
Volatile Organic Compounds [VOC]	97.6

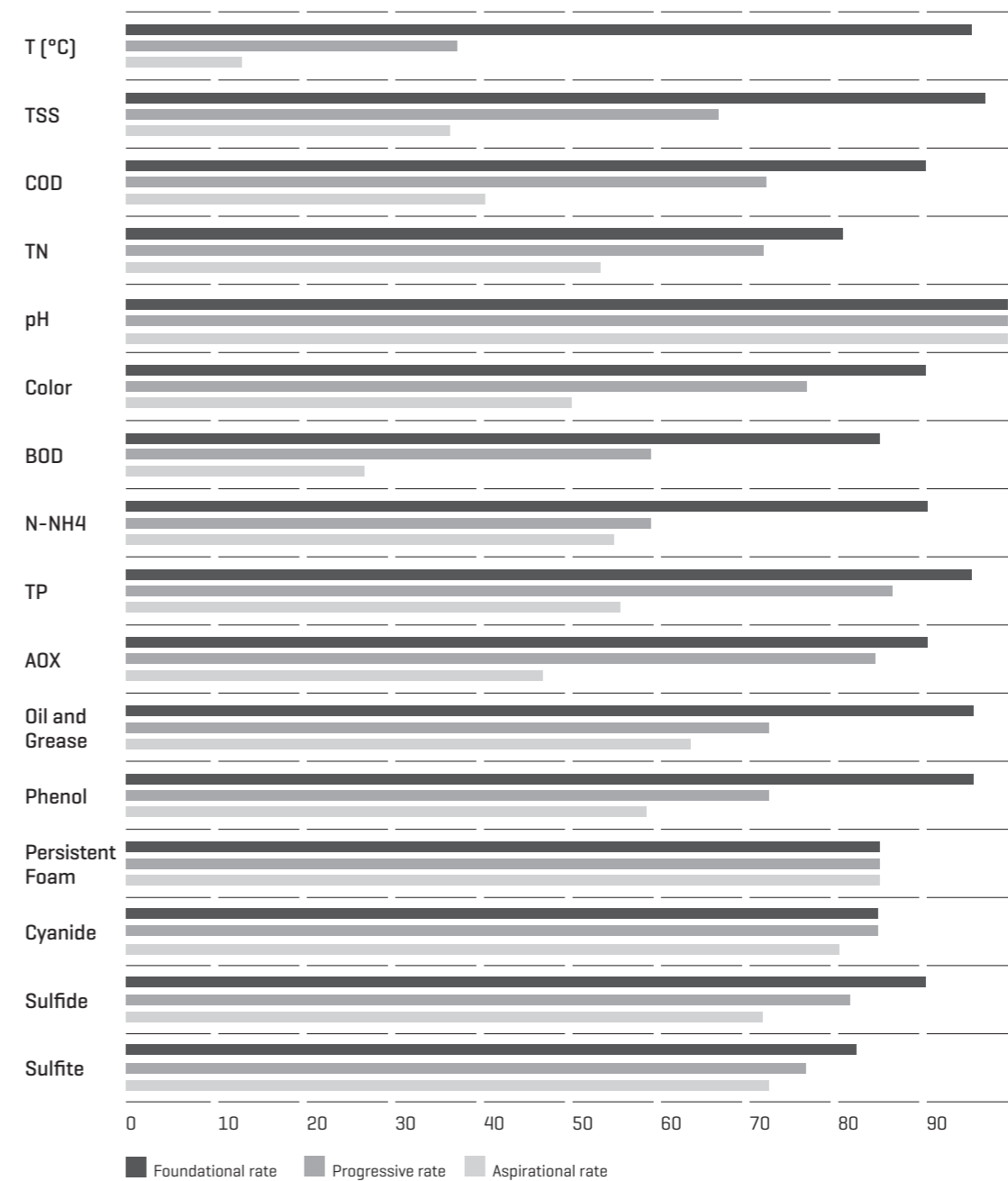
Overall, 78% of all test reports received were in full compliance with the MRSL requirements and the heavy metal requirements in the ZDHC wastewater guidelines. For conventional wastewater requirements the compliance rate was only 48%, showing a clear need to improve the performance of half of the wastewater treatment plants in our supply chain.



*“AS AN ACTIVE PLAYER IN BOTH THE SPORTS AND TEXTILE INDUSTRY, PUMA HAS BEEN WORKING STEADILY ON ENSURING ITS CHINESE SUPPLIERS ARE IN COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS IN CHINA. THIS YEAR, WE ARE GLAD TO SEE THAT PUMA ALSO JOINED FORCE WITH FIVE OTHER BRANDS TO PROMOTE TRANSPARENCY ALONG ITS SUPPLY CHAIN IN CHINA. WE TRUST THAT THIS COMMITMENT FROM PUMA, ALONG WITH PUMA’S UPTAKE OF DIGITAL SOLUTIONS TO TAP INTO PUBLIC ENVIRONMENTAL BIG DATA, WILL CONTINUE TO DRIVE GREEN TRANSFORMATION FOR THE TEXTILE INDUSTRY AND FACILITATE CONSUMERS TO MAKE A GREENER CHOICE.”*

MA JUN, IPE CHINA, FOUNDER

F.14 RATE OF COMPLIANCE WITH CONVENTIONAL WASTEWATER REQUIREMENTS [in %]



We will work with our suppliers and the ZDHC to improve these figures going forward and have set ourselves a target of 90% compliance for MRSL and heavy metal requirements as well as 70% compliance for conventional requirements in 2018. We also plan to expand the reach of our wastewater testing to India and the Americas region.

In addition to our work on wastewater, we carried out a desktop study on air pollution covering our Chinese core supplier base. As a next step, we will support the completion of a ZDHC-based air pollution study with the aim of publishing industry-based ZDHC air pollution guidelines similar to those for wastewater quality. This will enable us to define an industry-aligned KPI for air pollution going forward.



**MATERIALS**  
[10FOR20 TARGET NO. 8]



**Target Description:**

Use sustainable material alternatives for PUMA's key materials: cotton, polyester, leather, polyurethane and cardboard. *Relevant to United Nations Sustainable Development Goals 12 and 15.*

**Examples from the 10FOR20 Action Plan:**

- Increase bluesign certified polyester usage to 50% by 2020
- Increase Better Cotton Initiative fiber volume to 50% by 2020
- Increase the usage of FSC certified and/or recycled paper and cardboard to 90% by 2020
- Keep the percentage of leather from LWG medal-rated tanneries above 90%
- Explore the use of water-based polyurethane

**KPIs:**

- Percentage figures for each material

Life cycle studies and the Environmental Profit and Loss Account show that the majority of the environmental impact from our products occurs during the raw material creation and processing phases. The data on social impact is less complete. Exposure of hotspots such as child labor in cotton farming or forced labor practices during cattle ranching indicate that the raw material stage has also a very significant social impact.

We have set volume targets for our main materials (cotton, polyester, leather and cardboard). In addition to these materials, we are also looking to phase out hazardous solvents in the production of polyurethane. However, we need to conduct further research before a percentage target for PU can be set. We feel that an industry-wide approach would be most effective.

**HIGHLIGHT: 100% OF LEATHER USED IN ASIA IS MADE BY LEATHER WORKING GROUP MEDAL-RATED TANNERIES.**

The percentage of recycled and/or FSC certified paper and cardboard rebounded to 95% after a temporary decline in 2016. This means we have already exceeded our 2020 target. Our major PUMA shoebox design, as well as our paper-based shopping bags and hang tags are FSC certified. In 2018 we will move towards obtaining FSC certification for our cardboard boxes for online purchases too. As for polyurethane, we have joined a working group on DMF-free PU in China and piloted a DMF-free PU shoe.



**EP&L IMPACT**  
[10FOR20 TARGET NO. 9]



**Target Description:**

Continue to report on the EP&L every year under the auspices of KERING. *Relevant to United Nations Sustainable Development Goals 7 and 12.*

**Examples from the 10FOR20 Action Plan:**

- Regularly publish updated PUMA EP&L data
- Introduce industry-aligned product sustainability tools for design and development

**KPI:**

- Annual EP&L Values PUMA

In line with our 10FOR20 Action Plan, in 2017 we published our PUMA EP&L for the first time since 2011. The results are now available on our website.

As part of our 10FOR20 Targets, we report on the specific progress PUMA has made towards gradually lowering the EP&L value relative to our financial revenue. We will do this by increasing the percentage of more sustainable raw materials used in our products and promoting resource-efficient practices in our supply chain.

The Environmental Profit and Loss Account (EP&L) analyzes the externalized environmental impact of PUMA in the categories air pollution, climate change, land use, waste as well as water and water pollution. In a second step, those negative environmental impacts are transferred into financial values. By doing so, we can identify the largest environmental impacts and work on their reduction.

T.11 PROGRESS AGAINST MATERIALS TARGETS [in %]

Division	Material Targets	% of Total 2015	% of Total 2016	% of Total 2017	Target 2020
Apparel	Cotton from BCI	3 [organic]	19	40	50
	bluesign certified polyester	15	24	47	50
Accessories	bluesign certified polyester	20	21	34	50
Footwear	FSC® certified and/or recycled paper & cardboard	85	78	95	90
Footwear	LWG Medal-rated leather	99	94	99	90
	LWG traceability A&B leather	20	18	20	

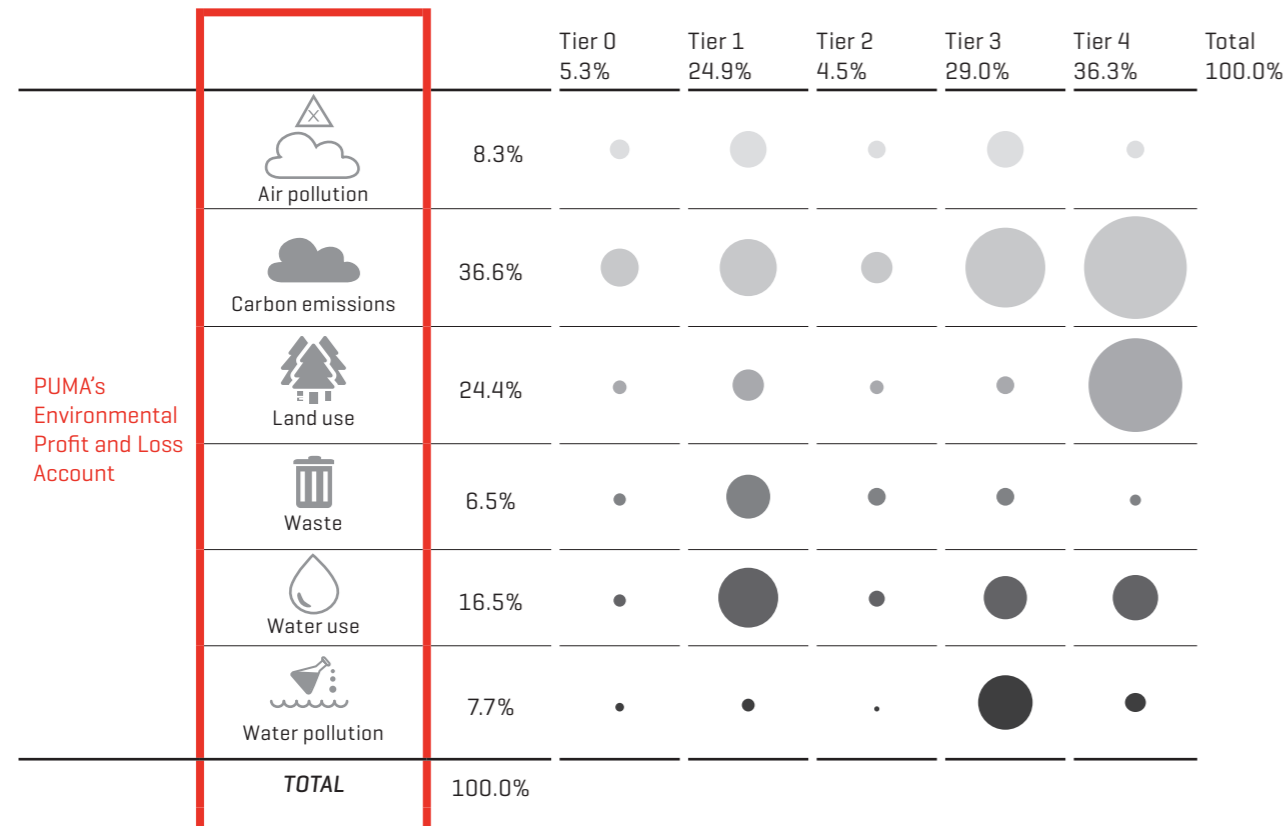
Table 11 above shows a significant increase in the use of BCI cotton and bluesign certified polyester for apparel, in line with our interim targets. Accessories also hit the interim target of 30% bluesign certified polyester. For footwear, we exceeded our LWG medal-rated leather target for 2020 for the third year in a row, in 2017.

F.15 MANUFACTURING ACTIVITIES BY TIER

Tier 4 Raw material	Tier 3 Processing	Tier 2 Outsourcing	Tier 1 Manufacturing
Cotton fields, Cattle farms, Rubber plantations	Dye houses, Tanneries, Packaging	Embroidery, Cutting, Printing	Footwear, Apparel, Accessoires



F.16 ANNUAL EP&L VALUE PUMA



T.12 PUMA'S ENVIRONMENTAL IMPACT (E-KPI)\* [in € million]

	2017	2016	2015	Consumption 2017/ Turnover (Unit/€ million)	Consumption 2016/ Turnover (Unit/€ million)	Consumption 2015/ Turnover (Unit/€ million)	Variation 2016/2017 (in%)	Variation 2015/2016 (in%)
Turnover	4,136	3,627	3,387	-	-	-	-	-
Energy consumption [MWh]	83,794	81,508	81,620	20.3	22.5	24.1	-9.9	-6.9
Electricity consumption [MWh]	64,119	63,339	59,888	15.5	17.5	17.7	-11.2	-1.4
Electricity consumption from renewable tariff [MWh]	11,611	12,049	11,360	2.8	3.3	3.4	-15.5	-1.1
Percentage renewable electricity consumption	18%	19%	19%	-	-	-	-	-
Energy consumption from PUMA production [MWh] *	194,881	180,041	149,709	47.1	49.6	44.2	-5.1	12.1
Waste [T]	5,293	5,302	5,007	1.3	1.5	1.5	-12.5	-1.3
Recycled waste [T]	3,419	3,275	2,949	0.8	0.9	0.9	-8.5	3.5
Percentage recycled waste	65%	62%	59%	-	-	-	-	-
Waste from PUMA production [T] *	14,686	12,257	11,433	3.6	3.4	3.4	5.1	-0.1
Paper and cardboard consumption [T] **	2,756	3,337	3,465	0.7	0.9	1.0	-27.6	-10.2
Certified or recycled paper and cardboard consumption [T]	2,025	2,512	2,498	0.5	0.7	0.7	-29.3	-6.2
Percentage certified or recycled paper consumption	74%	75%	72%	-	-	-	-	-
Paper and cardboard consumption from PUMA production [T] *	14,129	15,269	13,357	3.4	4.2	3.9	-18.9	6.6
Water [m³]	106,397	107,025	104,221	25.7	29.6	30.8	-13.2	-3.9
Water from PUMA production [thous. m³] *	2,149	2,145	1,774	520	592	524	-12.2	12.7

\* PUMA production covers Tier 1 suppliers

\*\* Including paper bags, direct and indirect paper consumption and cardboard

- Figures include PUMA owned or operated offices, warehouses and stores. Outsourced warehouses and franchised stores are excluded.
- Includes paper consumption for office usage in offices, warehouses and stores, card board and paper bags consumption.
- Data includes extrapolations or estimations where no real data could be provided.
- Excludes on-site generated and consumed energy as well as energy produced on site and sold to the grid.

5. Includes own production sites in Argentina. All other production is outsourced to independent supplier factories.

6. Store data is derived from exemplary stores in each country and extrapolated to cover all stores; methodological changes over the last 3 years do influence results.

7. Increased scope (more sites covered) in 2017.

For an overview of the environmental KPIs of PUMA entities and its Core Tier 1 suppliers, please see table 12. Together with data on our material consumption and manufacturing locations, these figures form the basis of the PUMA EP&L.



 T.13 E-KPIS FOOTWEAR PRODUCTION\*\*/\*\* [covers only finished goods manufacturing]

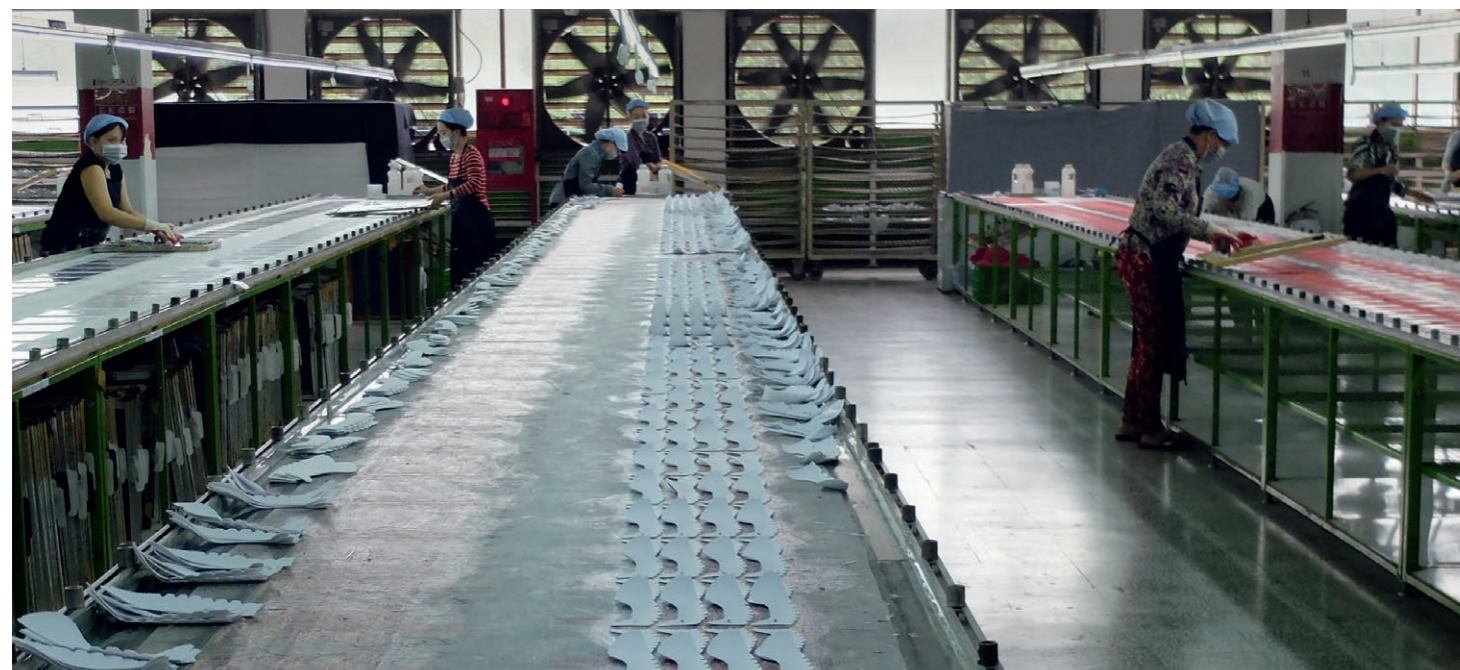
SUMMARY OF SUPPLIER E-KPIS	WEIGHTED			% CHANGE	RANGE 2017		Suppliers
	Value 2015	Value 2016	Value 2017	2016 - 2017	min.	max.	
E-KPI							
Energy/pair [kWh]	1.5	1.6	1.4	-13.5	0.3	1.9	19/20
CO <sub>2</sub> /pair [Scope 1, 2 and 3] [kg]	1.4	1.1	1.0	-11.3	0.2	1.8	19/20
Water/pair [l]	18.3	18.4	14.5	-20.8	1.3	41.7	19/20
Waste/pair [g]	113.6	105.2	115.9	10.2	28.7	253.2	19/20

\* Figures derived from 19 core suppliers worldwide, divided into three product divisions covering 90% of PUMA production worldwide  
 \*\* Figures cover only core Tier 1 suppliers

 T.14 E-KPIS APPAREL PRODUCTION\*\*/\*\* [covers only finished goods manufacturing]

SUMMARY OF SUPPLIER E-KPIS	WEIGHTED			% CHANGE	RANGE 2017		Suppliers
	Value 2015	Value 2016	Value 2017	2016 - 2017	min.	max.	
E-KPI							
Energy/piece [kWh]	0.6	0.7	0.7	7.4	0.1	2.7	23/27
CO <sub>2</sub> /piece [Scope 1, 2 and 3] [kg]	0.4	0.4	0.3	-21.6	0.1	0.1	23/27
Water/piece [l]	6.8	8.0	7.6	-5.3	0.8	95.0	23/27
Waste/piece [g]	50.6	49.3	44.0	-10.8	2.0	130.0	23/27

\* Figures derived from 26 core suppliers worldwide, divided into three product divisions covering 66% of PUMA production worldwide  
 \*\* Figures cover only core Tier 1 suppliers



 T.15 E-KPIS FOR BAGS PRODUCTION\*\*/\*\* [covers only finished goods manufacturing]

SUMMARY OF SUPPLIER E-KPIS	WEIGHTED			% CHANGE	RANGE 2017		Suppliers
	Value 2015	Value 2016	Value 2017	2016 - 2017	min.	max.	
Energy/piece [kWh]	0.4	0.3	0.3	-4.8	0.2	1.0	5
CO <sub>2</sub> /piece [Scope 1, 2 and 3] [kg]	0.4	0.3	0.3	-4.8	0.1	1.4	5
Water/piece [l]	6.2	6.1	5.6	-8.2	0.7	10.1	5
Waste/piece [g]	24.8	19.8	15.6	-21.3	10.6	39.0	4/5

\* Figures derived from 5 core suppliers worldwide, divided into three product divisions covering 62% of PUMA production worldwide  
 \*\* Figures cover only core Tier 1 suppliers

The trend from our core Tier 1 suppliers shows an overall reduction of energy (except for apparel) and water consumption as well as CO<sub>2</sub> emissions and waste. We attribute those reductions to the regular collection of environmental performance data and to resource efficiency programs being rolled out by various brands including PUMA.

In order to better understand the impact of different types of materials, we have split the data into factories producing leather, synthetic leather, textiles or packaging. The results are shown in tables 16 to 18. For the first time we have added a weighted average, which allows us to trace the average KPI values over time going forward.

 T.16 E-KPI LEATHER

	Value Min.	Value Max.	Average [weight]	No. of Suppliers
Energy/sqm [kWh]	5.4	11.2	9.1	6
CO <sub>2</sub> /sqm [t]	1.1	4.8	3.4	6
Water/sqm [l]	32.6	124.2	91.8	6
Waste/sqm [g]	0.5	2.0	1.1	6

 T.17 E-KPI SYNTHETIC LEATHER

	Value Min.	Value Max.	Average [weight]	No. of Suppliers
Energy/sqm [kWh]	0.6	7.2	0.9	5
CO <sub>2</sub> /sqm [t]	0.4	2.8	0.5	5
Water/sqm [l]	0.8	7.8	1.4	5
Waste/sqm [g]	2.4	109.9	99.8	5

 T.18 E-KPI TEXTILES

	Value Min.	Value Max.	No. of Suppliers
Energy/ton [MWh]	7.6	30.6	14
CO <sub>2</sub> /ton [t]	1.8	9.4	14
Water/ton [m <sup>3</sup> ]	58.1	221.6	14
Waste/ton [kg]	32.1	582.0	14



## GOVERNANCE [10FOR20 TARGET NO. 10]



### Target Description:

Maintain and run a state-of-the-art compliance management system (including anti-corruption measures). *Relevant to United Nations Sustainable Development Goals 8 and 16.*

### Examples from the 10FOR20 Action Plan:

- Increase participation rate for Kering's ethics training
- Introduce a PUMA anti-corruption policy

### KPIs:

- Percentage of PUMA employees trained in anti-corruption measures
- Percentage of PUMA core suppliers trained in anti-corruption measures

### PUMA's compliance management system

As a global sports company, PUMA is active worldwide. We are aware of the financial risks and potential reputational damage that may result from non-compliance with laws and regulations by both our employees and business partners. The risk of compliance violations is present in all corporate functions and in all countries in which we conduct business. That is why PUMA maintains a compliance management system to prevent, detect, manage and monitor compliance risks at an early stage. The pillars of this system are described in detail in the company's Corporate Governance Report. At PUMA, we have a zero-tolerance approach to bribery and corruption. Incidents reported to senior management are investigated immediately and thoroughly and the appropriate disciplinary steps are taken.

The highest-ranking governance body at PUMA in terms of sustainability is the Administrative Board of PUMA SE and its Sustainability Committee. The Sustainability Committee is responsible for the supervision of PUMA's sustainability strategy. The Sustainability Committee convened once in 2017. The current members of the Sustainability Committee are: Jean-François Palus, Béatrice Lazat and Martin Köppel.

### Anti-corruption measures

As a member of the UN Global Compact, PUMA is committed to fighting all forms of corruption, including extortion and bribery. The fight against corruption is not only one of the most important focal points of our internal compliance management system, but also a reoccurring issue in our dialogue with NGOs, e. g. at our annual stakeholder discussions and with our contractual partners, especially in procurement. Our commitment to fighting corruption is an important part of the Group-wide PUMA Code of Ethics and the PUMA Anti-Bribery and Anti-Corruption Policy, regular communication measures implemented by management and all compliance training courses and e-learning. Ensuring the participation of almost all PUMA Group

employees with email accounts in anti-corruption training courses is a factor in calculating bonuses for all PUMA executives.

Employees are regularly familiarized with the rules of the Code of Ethics and the Group's guidelines and are thus made aware of compliance regulations. In the 2017 financial year we again carried out e-learning training on the Code of Ethics, developed together with our major shareholder, throughout the Group. In 2017, this e-learning focused on the fight against corruption, workplace behavior and environmental protection. Additionally, in 2017 we rolled out an e-learning course on the subject of combating bribery and corruption. Both e-learning programs were mandatory for all employees. The campaigns were sponsored by the managing directors of PUMA SE, above all Bjørn Gulden, who promoted the e-learning to all PUMA employees. In 2017 99% of PUMA Group (PUMA SE 96%) employees with their own email accounts participated in the Code of Ethics e-learning, compared to 97% in 2016. The e-learning on anti-bribery and anti-corruption was completed by 98% of employees of the PUMA Group (PUMA SE 99%) with email accounts. In addition, special face-to-face training sessions were held on individual topics such as antitrust law, insider law and anti-corruption, raising awareness of the essential legal framework and internal company regulations.

**HIGHLIGHTS: 99% OF ALL PUMA STAFF WITH EMAIL ACCOUNTS GLOBALLY COMPLETED OUR CODE OF ETHICS TRAINING AND 94% OF OUR CORE SUPPLIERS WERE TRAINED IN ANTI-CORRUPTION MEASURES**

To emphasize PUMA's commitment to the fight against corruption throughout the supply chain, we explicitly set out the principles of appropriate conduct in the PUMA Code of Conduct in 2016. The Code of Conduct sets out the minimum standards to which our partners in the supply chain must adhere (<http://about.puma.com/en/sustainability/standards/coc>). In 2017, we added anti-corruption clauses to our contracts with our suppliers on this basis. The clauses obligate our contractual partners to establish and further develop appropriate systems for fighting bribery and corruption in their respective companies. PUMA monitors compliance with these requirements within the scope of its annual SAFE audits. Anti-corruption was again addressed by PUMA in the context of all Supplier Round Tables in 2017. In 2017, we provided face-to-face training for 94% of all PUMA's core suppliers and asked them to submit certificates from the UN Global Compact e-learning on the subject in order to raise awareness regarding the fight against corruption. We provided our suppliers with our guidelines for combating and preventing bribery and corruption in order to facilitate the introduction of appropriate internal standards.

## SUMMARY



PUMA BRIDGE at our headquarters in Herzogenaurach, Germany.

With the implementation of the UN Sustainable Development Goals as well as the UN Guiding Principles on Business and Human Rights and the corresponding legislation, more and more companies have realized that their sustainability efforts need to cover their full supply chains and not just their own entities or direct suppliers. This is an enormous task, one that can be met only if all the key players in our industry work together.

It is therefore no surprise that in 2017 several cross-brand initiatives on sustainability gained traction. Large-scale projects to harmonize social and environmental audit/assessment standards have completed their pilot phases and are now ready for adoption in 2018.

The same holds true for joint industry standards on input chemistry monitoring and wastewater quality. In addition, a growing number of apparel and footwear brands and retailers have committed to setting science-based climate change targets and several initiatives working toward fair living wages have emerged.

Over the next two years, the time will come to leave the pilot phases behind and start the widespread adoption of converged sustainability tools. In addition, we need to transition our industry from measuring numbers of audits, test reports or training sessions towards measuring the real impact on the ground. In order to do this, new technologies like online-metering and cell phone-based apps to collect (nearly) real-time information will play an important role.

The ability to move quickly to scale up our efforts and take on new challenges, such as the release of microplastics from synthetic apparel and still-unresolved issues like how to recycle apparel and footwear products at scale, will determine the extent to which the apparel and footwear industry will be able to transition to more sustainable business models.

PUMA stands ready to contribute its fair share to this transition.

## INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON THE COMBINED NON-FINANCIAL REPORT<sup>1</sup>

### TO PUMA SE, HERZOGENAURACH

We have performed a limited assurance engagement on the non-financial report 2017 of PUMA SE in accordance with § 315b German Commercial Code (HGB), which was combined with the non-financial report of the parent company in accordance with § 289b German Commercial Code (HGB) [hereinafter: "combined non-financial report"], for the period from January 1 to December 31, 2017. Our engagement has not covered the chapter "EP&L Impact" as well as the reference to internal or external documentation sources or expert opinions.

### RESPONSIBILITY OF THE MANAGING DIRECTORS

The Managing Directors are responsible for the preparation of the combined non-financial report in accordance with §§ 289b to 289e and 315b, 315c in connection with 289c to 289e HGB. This responsibility includes the selection and application of appropriate methods for preparing the combined non-financial report as well as making assumptions and estimates related to individual non-financial disclosures, which are reasonable in the circumstances. Furthermore, the Managing Directors are responsible for such internal control, as it has considered necessary to enable the preparation of the combined non-financial report that is free from material misstatement, whether due to fraud or error.

### PRACTITIONER'S DECLARATION RELATING TO INDEPENDENCE AND QUALITY

We are independent of the entity in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with the relevant provisions within these requirements.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft applies the German national legal requirements and the German profession's pronouncements for quality control, in particular the by-laws regulating the rights and duties of "Wirtschaftsprüfer" and "vereidigte Buchprüfer" in the exercise of their profession

[Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandards: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)], that are consistent with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

### PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the combined non-financial report, based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the information disclosed in the combined non-financial report for the period from January 1 to December 31, 2017 has not been prepared, in all material respects, in accordance with §§ 315b, 315c in connection with 289c to 289e German Commercial Code (HGB). In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was - with intermittent delays - performed from November 2017 to March 2018, we have performed, among others, the following audit procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Participating in the stakeholder meeting in Hong Kong for assessing the stakeholder dialog
- Interviewing the managing directors and relevant staff that were involved when preparing the combined non-financial report about the process of preparation, the internal control system relating to this process as well as about the disclosures made in the combined non-financial report at the Herzogenaurach site and interviewing, by means of modern communication media, selected contacts in Asia and North America
- Identification of the likely risks of material misstatement within the combined non-financial report
- Analytical evaluation of selected disclosures within the combined non-financial report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements
- Evaluation of the presentation of the selected disclosures regarding sustainability performance.

### ASSURANCE CONCLUSION

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures of the combined non-financial report of PUMA SE, for the period from January 1 to December 31, 2017 have not been prepared, in all material aspects, in accordance with §§ 289b to 289e and 315b, 315c in connection with 289c to 289e German Commercial Code (HGB). Our assurance report does not refer to the chapter "EP&L Impact" as well as to the reference to internal or external documentation sources or expert opinions.

### INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with PUMA SE. The assurance engagement has been performed for purposes of PUMA SE and the report is solely intended to inform PUMA SE as to the results of the assurance engagement.

### LIMITATION OF LIABILITY

The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward PUMA SE and is limited based on the "Special engagement terms of Deloitte GmbH Wirtschaftsprüfungsgesellschaft" as well as on the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften of the IDW" from January 1, 2017, which were agreed with PUMA SE. We do not assume any responsibility towards third parties.

Munich, March 9, 2018

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft



Stadter  
Wirtschaftsprüfer



ppa. Fundel

<sup>1</sup> We have performed a limited assurance engagement on the German version of the combined non-financial Group Report and issued an independent assurance report in the German language, which is authoritative. The following text is a convenience translation of the independent practitioner's assurance report.